

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 COME-00 EB-08 OPIC-03 CIAE-00
INR-10 NSAE-00 TRSE-00 L-03 H-01 STR-07 SS-15
SP-02 PM-05 SSO-00 NSCE-00 INRE-00 ICAE-00 /067 R

DRAFTED BY EUR/SOV:WHEDGAR/COMMERCE:RSTECHSCHULTE:PJP
APPROVED BY EUR/SOV:WSHINN
COMMERCE:HHEISS
UR/SOV:LWILLEMS

-----129163 192353Z /73

O 192313Z JUN 78 ZFF4
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW NIACT IMMEDIATE

C O N F I D E N T I A L STATE 155796

E.O. 11652: GDS

TAGS: EEWT, UR, US, CASC

SUBJECT: CRAWFORD ARREST: US BUSINESS REACTION

REF: MOSCOW 13975

1. AFTER DISCUSSING THE CRAWFORD CASE WITH TRADE AND ECONOMIC COUNCIL PRESIDENT HAL SCOTT, WITH A NUMBER OF FIRMS THAT DO BUSINESS IN THE USSR (INCLUDING IBM, OCCIDENTIAL, DRESSER, SATRA, COCA COLA, CHASE, BANK OF AMERICA, CITIBANK), AND WITH ECONOMIC JOURNALISTS WHO SPECIALIZE IN US-SOVIET TRADE, COMMERCE AND STATE HAVE CULLED THE FOLLOWING REACTIONS.

2. SCOTT SAID THAT HE HAD SENT LETTERS TO DOBRYNIN AND ;ATOLICHEV ON BEHALF OF THE TRADE AND ECONOMIC COUNCIL. THE ARREST WAS NOT ON THE AGENDA OF THE COUNCIL'S EXECUTIVE COMMITTEE MEETING LAST WEEK, BUT IT WAS DISCUSSED AT LENGTH.
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ONE US EXECUTIVE SAID DURING THE MEETING THAT IT WOULD BE DIFFICULT FOR US DIRECTORS TO GO TO THE COUNCIL'S MEETING IN MOSCOW IN DECEMBER IF THE MATTER IS NOT CLEARED UP BY THEN. SCOTT SAID THAT HE HAD DISCUSSED THE CRAWFORD CASE WITH DOBRYNIN WHO HAD TOLD HIM THE CHARGES WERE VALID, AND THAT THEY INVOLVED MAJOR, FREQUENT VIOLATIONS OF SOVIET CURRENCY LAW. DOBRYNIN HAD SAID THAT THE BUSINESS

COMMUNITY IN MOSCOW HAD NOTHING TO FEAR AS LONG AS THEY PLAYED BY THE RULES, AND THAT TRADE RELATIONS REMAINED INTACT.

3. ALL FIRMS AND BANKS ARE SERIOUSLY CONCERNED BY CRAWFORD'S ARREST. WE HAVE BEEN TELLING THE FIRMS THAT, WHETHER OR NOT CRAWFORD CAN BE SHOWN TO BE GUILTY OF SOME TECHNICAL CURRENCY VIOLATION OR EVEN CURRENCY CRIME, SOVIET HANDLING OF THE CASE DEMONSTRATES THAT HIS ARREST WAS A CALCULATED ACT OF REPRISAL FOR MATTERS COMPLETELY UNRELATED TO CRAWFORD, I.E. THE CHERNYAYEV AND ENGER ARRESTS. THE FIRMS AGREE THAT SOVIET HANDLING OF THE CASE IS OBJECTIONABLE, BUT FOR THE TIME BEING, THEY ARE FOLLOWING A BUSINESS-AS-USUAL APPROACH, PENDING FURTHER CLARIFICATION OF THE FACTS. MOST FIRMS SAY THAT IF CRAWFORD IS, IN FACT, GUILTY, THERE WILL BE NO EFFECT ON TRADE OR ON THE STAFFING OF THEIR MOSCOW OFFICES. IF EVENTS CONFIRM THAT CRAWFORD IS A VICTIM OF TRUMPED UP CHARGES, THE FIRMS WOULD REASSESS THEIR BUSINESS-AS-USUAL POSITION. TWO OF OUR CONTACTS NOTED THAT A FRENCH BANKER AND TWO AMERICAN BUSINESSMEN HAD BEEN QUIETLY EXPELLED FROM THE USSR IN THE PAST FOR CURRENCY AND OTHER VIOLATIONS; THIS TIME THE SOVIETS HAVE CHOSEN TO MAKE AN ARREST AND PUBLICIZE THE CASE.

4. COCA COLA SAID THAT THE CASE HAD HAD NO IMPACT ON ITS CONFIDENTIAL

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BUSINESS. THEY HOPED THE USG WOULD NOT TURN IT INTO A POLITICAL ISSUE. THE BANKERS AND SOME OF THE OTHER FIRMS URGED THAT THE USG NOT TAKE ANY RETALIATORY STEPS, AND INSTEAD TRY TO GET CRAWFORD RELEASED THROUGH QUIET DIPLOMACY. THE OCCIDENTAL REPRESENTATIVE SAID HIS COMPANY WOULD MAKE A WRITTEN REPRESENTATION, AND THAT ARMAND HAMMER MIGHT BE WILLING TO INTERVENE PERSONALLY AT AN APPROPRIATE STAGE. INTERNATIONAL HARVESTER HAS SENT A TOUGH LETTER TO DOBRYNIN, AND HAS PUBLICIZED THIS FACT. A SENIOR I-H EXECUTIVE HAS ALSO MET WITH SOVIET DCM VASEV. TO OUR KNOWLEDGE, NO OTHER FIRM HAS MADE A FORMAL PROTEST YET. MOST OF THEM SEEM TO BE LOOKING TO HARVESTER AND THE USG TO TAKE THE LEAD.

5. ONE JOURNALIST SAID THAT THE INITIAL REACTION HE HAD HEARD FROM SOME BUSINESSMEN WAS THAT THE ADMINISTRATION "HAD ASKED FOR IT" BY PURSUING ANTI-SOVIET POLICIES. HE SURMISED THAT SOVIET AUTHORITIES HAD PICKED INTERNATIONAL HARVESTER BECAUSE THEY WERE CONFIDENT THE COMPANY WOULDN'T WALK AWAY FROM A HALF-BILLION DOLLARS WORTH OF BUSINESS. HE THOUGHT SOME COMPANIES MIGHT USE THE CRAWFORD ARREST AS A PRETEXT FOR MAKING STAFF REDUCTIONS IN MOSCOW THAT THEY

WERE GOING TO MAKE ANYWAY (WE UNDERSTAND AMERICAN EXPRESS
IS CONSIDERING THIS). ANOTHER JOURNALIST SAID THAT TWO

JOHN DEERE VICE PRESIDENTS HAD CANCELLED A LONG-PLANNED
TRIP. HE THOUGHT THE ARREST WAS BOUND TO LEAD TO SOME DROP
IN THE LEVEL OF BUSINESS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, ARRESTS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE155796
Document Source: CORE
Document Unique ID: 00
Drafter: WHEDGAR/COMMERCE:RSTECHSCHULTE:PJP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780255-0945
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780643/aaaableq.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e1e54086-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 MOSCOW 13975
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2295504
Secure: OPEN
Status: NATIVE
Subject: CRAWFORD ARREST: US BUSINESS REACTION
TAGS: EEWT, CASC, UR, US, (CRAWFORD, F JAY)
To: MOSCOW
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e1e54086-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014